



# NEWS RELEASE

CALIFORNIA STATE TREASURER PHILIP ANGELIDES

**FOR IMMEDIATE RELEASE**

**October 17, 2001**

## **STATE BOOSTS LOW-INCOME HOUSING FUNDS**

*Treasurer welcomes 40 percent increase in State support for rental units*

SACRAMENTO – Legislation that will increase California's tax credit for the construction of low-income housing was signed into law by the Governor on October 9, 2001. The new law, authored by Senator Joe Dunn and sponsored by State Treasurer Philip Angelides, provides a \$20 million annual boost in available tax credits to developers of affordable housing, raising the program's total annual state funding to \$70 million.

"Twenty million dollars annually for new tax credits is a significant investment in affordable housing. The infusion of funds comes at a crucial time when the shortage of affordable housing in California is having dire consequences for many families and is threatening the State's long-term economic strength," Angelides said. "Increasing the housing tax credit will have the added benefit of providing an economic stimulus as we enter a period of financial uncertainty nationwide," the Treasurer added.

The funding increase contained in the measure (SB 73) will be put to use by the California Tax Credit Allocation Committee, chaired by the State Treasurer, which allocates over \$550 million in state and federal tax credits for the development of affordable housing every year. These tax credits have leveraged \$3 billion in private and public funds for rental unit construction, of which approximately 24 percent are for seniors, 60 percent for families, and the remainder for the disabled, AIDS patients, single mothers and other low-income households.

The state tax credits will be used in concert with federal tax credits that provide a subsidy towards the cost of producing affordable housing. Developers sell those tax credits to investors at their present market value to secure up-front capital to build the units. Current demand greatly exceeds the program's resources, and as a result, many high quality, critically needed projects, which otherwise would be eligible for the housing tax credit, have been unable to receive funding. For example, in 2000, the program was able to fund only 81 projects out of a total of 270 that applied in the competitive process.

SB 73 was co-sponsored by the California Rural Legal Assistance Foundation and the Western Center on Law and Poverty, and supported by over 100 community, business, labor, and local government groups. "I applaud the hard work of all the organizations that made passage of this measure a high priority. Their tireless efforts will undoubtedly result in more reasonably priced housing for many California families," the Treasurer said.

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